

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 42

January 16, 2009

SUMMARY OF BILL: Requires that if either Memphis or Shelby County implements a payroll tax, real property tax rates must be reduced to a level sufficient to offset 100 percent of revenue derived from the payroll tax.

ESTIMATED FISCAL IMPACT:

**Local Revenue – Net Impact – Not Significant/Permissive
Increase Local Expenditures – Less than \$50,000/Permissive**

Assumptions:

- If a payroll tax is implemented, the decrease in real property tax revenue would be offset by the increase in payroll tax revenue, resulting in no net revenue impact.
- The payroll tax would be implemented and the real property tax reduced in the same fiscal year.
- To offset reductions in real property tax revenue, the increase in payroll tax revenue would be allocated in the same manner as the real property tax revenue.
- The implementation of a payroll tax and reduction in real property tax would be accomplished in a manner that avoids equalization issues.
- Local government programming and administrative costs are estimated to be less than \$50,000.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in cursive script, reading "James W. White".

James W. White, Executive Director

/kmc